

Ms. MCCARTHY. Mr. Speaker, while I voted for the final version of the Congressional Accountability Act that was just before us, I want to register my extreme disappointment that it did not include a provision barring House Members from using frequent flyer awards for personal trips. Under this measure, Senators are prohibited from doing so.

For this reason, I joined today as a cosponsor of House Resolution 15, introduced by my colleague, the gentleman from Wisconsin [Mr. BARRETT], which would require that travel awards that accrue due to official travel by Members of the House be used only for official travel. This resolution has been referred to the new Committee on House Oversight. The Speaker has been quoted in this afternoon's Congress Daily as saying he recommends that the Committee on House Oversight review this matter.

I hope the Committee on House Oversight will do more than just review this matter. The legislation of the gentleman from Wisconsin [Mr. BARRETT] is very important. I hope they will favorably report it to the full House, so we can hold ourselves to the same high standard of ethics as the other governing boards, the other House, and all of the U.S. Government.

Mr. Speaker, I feel very strongly that if we do not do this, we demonstrate an hypocrisy that is not appropriate to the governing of this House.

THE ROLE OF UNITED STATES IN SOLVING MEXICO'S MONETARY CRISIS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the Chair recognizes the gentlewoman from Ohio [Ms. KAPTUR] for 60 minutes.

Ms. KAPTUR. Mr. Speaker, while America was celebrating Martin Luther King Day yesterday and the long weekend, officials over at the White House and here in the Nation's Capitol buildings were running around frantically trying to figure out how to bail out Mexico with your taxpayer dollars, without calling it a bailout. They say "It won't cost us a penny because Mexico will pay it all back."

However, Mexico has never paid back its debts. That is why it is in the fix it is today. The powers that be here in Washington, therefore, have devised a multibillion dollar taxpayer bailout plan to prop up Mexico after the recent peso meltdown.

Listen to this. It will conveniently be placed off budget, through some fancy manipulations of lawyer's words that will make it sound like our taxpayer's don't end up holding the bag. First, there was an \$18 billion loan package with a \$9 billion line of credit from the U.S. Treasury and our Federal Reserve.

You know what the Federal Reserve is. When you put money in your local bank, it then goes up in the chain and the local banks end up owning the dis-

trict banks which then own the Federal Reserve, so it is your money to begin with.

But that was not enough of our taxpayer's money last week, so now we are being asked to put up an additional, are you ready, \$40 billion, that is with a B, dollars in loan guarantees in Mexico. But of course we are being told it is just a safety net and we will probably never really have to pay it, because surely Mexico will not have any problems paying off these new loans.

This is really getting interesting. How ironic that during the very month when Congress is about to consider a balanced budget amendment to put our taxpayers in a vice, we are being asked to close our eyes to this unprecedented back door version of foreign aid that holds the potential to bust any budget that we pass here. Off budget? Off budget means the bill will be on your budget, that taxpayers' budget. Don't you just love it?

Mr. ABERCROMBIE. Will the gentlewoman yield?

Ms. KAPTUR. I yield to my distinguished colleague, the gentleman from Hawaii.

Mr. ABERCROMBIE. Would the gentlewoman characterize the reaction perhaps in her district as I find in my district, that people are under the impression that we may be giving this money to the Mexican Government? And would it be a fair characterization to say we may in fact be doing exactly that, because if they default, won't we in fact be giving it to them by taking it from our own people?

Ms. KAPTUR. We absolutely will. In effect, our people become Mexico's insurance company.

Mr. ABERCROMBIE. Would the gentlewoman kindly explain what that means, if we become their insurance company? What obligation does the taxpayer in America have if there is a default by the Mexican oligarchy?

Ms. KAPTUR. If there is a default—and as I say, Mexico has never paid back its debts. It owes \$89 billion it is not paying off right now. It means that we pledge the full faith and credit of the people of the United States to pay the debts of Mexico.

Mr. ABERCROMBIE. Is it a correct assumption that if they have not paid any of the debt that you have mentioned so far and are unable to pay anything on that which we are going to advance them, that they will be combined and the taxpayers in America will have to take up all of that obligation?

Ms. KAPTUR. That is the way it looks to me, my friend.

Mr. ABERCROMBIE. I thank the gentlewoman.

Ms. KAPTUR. I thank the gentleman. Now the new "leadership," I put leadership in quotes, of this institution is turning cartwheels over one another trying to push this through real fast, real fast. I just love it.

Where is the new Committee on the Budget? Where are the new Members

who said that they were going to finally balance the budget of our country? What a joke. Instead of a Contract With America, this Congress is falling over itself to pass a new contract with Mexico. Who is kidding who?

Members like myself understand the power of Wall Street, and megabanks, and multinational corporations. We understand the power of the media to keep this crisis under wraps at their bidding and hope the taxpayers miss this one.

Last week in Washington over a dozen Members of Congress held a major press conference here in the Press Gallery. There had to be over 100 press people. The rooms were overflowing. I asked my friends around the country, "How much did you read about that in your newspapers?" Who was it that made the telephone calls from the other end of Pennsylvania Avenue, that suppressed the press releases and the messages that we tried to get out to the people of the United States? I have a hunch who it was.

We understand the power of the White House. We understand the power of the leadership here in this Congress. We do not like it, but we understand it. We know they want to slip this baby through with as little public scrutiny as possible. There is a lot of money at stake for their friends.

After all, it would be embarrassing to them, all those high-flying speculators that gambled with mutual funds in this country, the ones who are always complaining about how they want Uncle Sam off their back, until they need to put their hands into our taxpayers' pockets to get them out of another one of their expensive binds.

To them I say, look out, because once the American people figure out the magnitude of what you are trying to do, they are going to be outraged.

Mr. Speaker, I ask, please do not tell us this will be good to the people of Mexico. That autocratic state will not be one whit more democratic when this is all over. Its citizenry will not have any greater standing in that legal system, nor will our businesses, who do business down there.

All that will happen is that the vise around the necks of Mexico's people will continue to grow tighter. Mexican wages will decrease even more. Life that is already tough for the majority of Mexico's citizens will become even more unbearable. Inflation will be even tougher to manage than it is now.

But get this, Mexico's super-rich families took their money out of that country before the peso meltdown. How convenient.

□ 1740

Why are they not being held accountable? Why should United States taxpayers put their money on the line when Mexico's 3 dozen ruling families have their billions safely tucked away offshore?

If we remember back to 1984 and Mexico owed commercial banks in those

days, Mexican funds by these families in United States banks exceeded the amount that Mexico owed to our banks by somewhere between \$40 billion and \$60 billion. Very interesting. Not small potatoes.

They got themselves into this mess. Let them bail out their homeland by repatriating and bringing home their own money and let the big business interests in our country in cahoots with them eat their own losses.

That is free enterprise. That is what free enterprise is supposed to be all about, taking a risk and then being willing to meet the piper.

Just last week when most of America was not looking, the House Banking Committee here on this side of Congress renamed itself and passed new rules under its so-called new leadership mandated by what I call the "Contract on America" that will permit this bill to subvert normal committee procedures. No hearings will be held in the subcommittee of jurisdiction. Don't have to under the new rules they passed.

This will be a real railroad job. Only the full committee will have some sort of lightning speed session, because if you ask too many questions and the public begins to understand what is going on here, somebody in America might actually object. I bet you a dime to a doughnut when that bill gets to this floor, it will be the fastest ball you ever saw come down the pike.

So, what is so new about this Congress? The idea is to hide the truth from the American people once again. Hold as few hearings as possible, limit floor debate, don't let the public know any of the grimy details. So let me ask again, what is so new about this so-called new Congress, anyway?

And let me say to the real gamblers in all of this—you know who you are: The megabanks, the multinational corporations, and the speculators who pushed through NAFTA, there are a few of us who understand. You put our taxpayers now at the helm for your mistakes and for your greed. We are angry. We resent what you have done.

My own feeling is that when you gamble, you should eat your own losses and not come whining to the American people to foot the bill. You are all big boys. You love this kind of free enterprise gamble. So practice some of it. Don't come running home to Mama in the Government.

Let me just say even gamblers have rules. If you go to Las Vegas and consistently lose money, the casinos won't let you play at their tables anymore. It is a good rule. Mexico has consistently lost money and never paid back the principal on its loans from us. Why should we let them play again?

Remember the Brady bonds? They keep flipping around like fish on a deck. If you go to Las Vegas, there are also table limits. In other words, there is a certain ceiling on how much you can lose. Even gamblers have a code.

But with this Mexico deal, there is no limit.

A week ago, the administration first said it needed \$6 billion. Then it raised it to \$9 billion, then to \$18 billion, then to \$25 billion. Then by the end of the week, it became \$40 billion, and that is on top of the \$18 billion line of credit already in place. How's that for 1 week's work?

I have an idea and I thought about this all weekend. Since American taxpayers are being asked to bail the gamblers out on the faulty assumption that Mexico will pay back these new loans, which would be an historical first, let me humbly suggest to the Secretary of Treasury and Chairman of the Federal Reserve, that what is fair is fair. If the American people have to pay, give them something in return. Let them earn the money off your gambling with their money. How about creating a new short-term bond for American taxpayers backed up by Mexican oil? Call it the oil bond. Its benefits will flow to each family in America bankrolling you, not just to a dozen well-connected bond houses and investment banks on Wall Street. Ask Mexico to pay us back in goods, not promises. Then let those oil barrels start rolling north. Call it cash on the barrelhead, using the current price at delivery.

Since this bailout is putting citizens at a \$49 billion risk to start off with, I figure with over 100 million households in America, for each family in our country we are talking about a minimum of one \$600 oil bond per family, not counting the interest due them over the life of the debt instrument.

So let me challenge those creative geniuses over at the U.S. Treasury and Federal Reserve who have gotten us into this mess—you know who I am talking about—the ones who as a result of GATT just stopped guaranteeing average Americans a decent return on their U.S. savings bonds. We used to have a 6-percent floor which said you cannot earn less than 6 percent. Then they lowered it to 4 percent for our people. Now they have even taken out the 4-percent floor. I am asking those same folks over at Treasury to go back to the drawing board. If U.S. taxpayers are going to bankroll you and your speculative buddies, let our people share in the wealth.

Imagine, the oil bonds could be sold through every Federal Reserve regional bank. The Federal Reserve could establish an 800 toll-free number that citizens could call, 1-800-O-I-L-B-O-N-D. How simple and straightforward it would be. Each American would immediately be an owner of 40 barrels of Mexican oil. For the first time in our history, it would democratize the gambling done by our Treasury Department and Federal Reserve at the expense of our taxpayers.

The more I think about it, the more I really like it. Citizens with credit cards could call right in. The IRS could mail special envelopes back to each taxpaying family after April 15 of this

year containing the family's oil bond. All taxpayers would benefit directly, again with goods, not promises. Is this not one of those ideas, the more you mull it over, the more it really grows on you?

In conclusion, I would just like to say, let's stop this clever taxpaying bailout of Mexico. Let's stop this new budget-buster that will completely abrogate any work we do on a balanced-budget amendment here this month. Let's get rid of the biggest unfunded mandate in the history of our country. Let's put our taxpayers back in the driver's seat and let them earn the money for a change.

Mr. Speaker, I yield to the gentleman from Pennsylvania.

Mr. KLINK. I thank the gentlewoman from Ohio again for taking the lead on this issue, and I will tell you when we were on the floor last week, the discussion was about an \$18 billion line of credit which somehow has more than doubled.

I am very troubled given the history of what has occurred in my own district and I know the gentlewoman's district of Toledo, OH is very similar.

We are being told that all this is going to be done off-budget, that there is some magical way of being able to leverage this money and to get it down there so that they can draw down on it, and that, in fact, \$40 billion is more than they will ever need.

□ 1750

What about Ohio and Pennsylvania and Oregon and New York? Can we not do the same thing for those States where our industries have fallen apart? Can we not do the same thing for our own Federal debt that we are very much discouraged over and we have got all kinds of plans about trying to do something about? We are being told that if something does occur, if we do not do this, that there is going to be all sorts of bad ramifications, and I understand what some of those risks are. But one of the things we are being told is that we will discourage investment in Third World countries like Mexico, Chile, Brazil, and Argentina. My question is: Does that encourage investments in firms that are employing people here in our country, because I firmly believe that all of those dollars that have moved offshore, many of them going across the Rio Grande to Mexico, that those are dollars that are not being invested to put Americans to work.

I have seen factory after factory, manufacturer after manufacturer that have moved from my district and districts around me and Volkswagen is one of them. They used to have 5,000 employees in New Stanton, PA. They are now making those same cars just outside of Mexico City.

But as I listened today to some of the explanations from the Fed and from the Treasury Department, a few of their ideas really bother me. No. 1 was

the fact they said the Mexican worker can never truly be competitive.

As I listened to that, I go back to our discussion on NAFTA and I remember discussions with people from Volkswagen and General Motors and Ford and Sony and Zenith. They obviously do not agree with that because they have made hundreds of millions of dollars in investments and they are getting their dollars back because the Mexican workers truly are creative, they are very capable, and they can manufacture. And in fact, I have heard Members of our own Congress talk about companies and firms saying they are getting the same productivity from the workers in Mexico as they are getting from the American workers. So that is a wives tale and it just does not wash.

If ideas like this that we know are false are going into this plan to give a \$40 billion line of credit to Mexico, what else is faulty that we do not know about? I think that there probably is a lot of it. If this is such a good deal, if there is not a lot of risk, I think the gentlewoman's idea is correct. Why do we not privatize this debt? Why do we not let those same people who went to Mexico wanting to invest money and making millions of dollars, let us let them invest in that \$40 billion debt rather than the American taxpayers who quite frankly have already invested in the debt that we have run up in this country. They have invested in their own consumer debt because their salaries and their wages have not kept up with the cost of living in this Nation. So why should we ask them to make that kind of a bailout? Let us let the big money interests go ahead and make those investments.

Ms. KAPTUR. If the gentleman will yield on that point, I just want to point out that when any person goes into a financial institution in our country, whether it is a credit union, whether it is a savings and loan, whether it is a commercial bank, there is a little sticker in the window and it says insured by the full faith and credit of the Government of the United States. You do not see that when you go into a securities office or an investment bank on Wall Street. There is not any kind of taxpayer backup of the gambling, professional gambling in a sense, that is done through those investment banks.

What I find really reprehensible about this proposal is that those individuals who chose to gamble, they knew what they were doing. Now whether they explained it to the people who used those institutions to place their money in private instruments, that is another question. But we have no obligation by the taxpayers of this country to prop up the investment banks of this country or the world.

Mr. KLINK. If the gentlewoman will yield on that point, I think she makes a very valid point and I would say this to Members of this U.S. Congress, many of whom I hope are watching on

TVs from their offices. If we go down this path with this loan, with this line of credit to Mexico, we can never say no again. We are breaking new ground. We are saying that the taxpayers of the United States will stand behind this type of loss and this type of loan and this type of a run on a nation. And once we make this exception, once we start down this road, how do we turn our back the next time and say well, we could do it for Mexico, but we will not do it for Argentina, we will not do it for Brazil or Thailand or for India or France, you name the country, and fill in the blanks. This is precedent setting.

This is not Chrysler Corp. which this United States of America and a lot of our workers have a great amount of investment in. This is not New York City, which is a vital city and an important part of our Nation. This is an investment by the American taxpayers in foreign debt where the big money-grabbers went in and when the heat got turned up too tough, they turned around and grabbed their money and ran off shore, including those who are big money people in Mexico.

Mr. DEFAZIO. If the gentlewoman will yield, I think the interesting thing for our colleagues to realize for those listening is that what Alan Greenspan, head of the Federal Reserve Board, and Robert Rubin, an ex-managing partner of Goldman, Sachs, now Secretary of the Treasury said to us, representing the people in Congress: "What are you concerned about? This is only a loan guarantee. There is no risk to the United States. In effect we are only a cosigner."

Well, wait a minute. When I go to the bank to buy a car, they do not ask me to get a cosigner. When somebody with bad credit goes to the bank asking to buy a car, they want a cosigner. We are cosigners because we know Mexico does not have good credit. There is nothing underlying these massive loan guarantees except the full faith and credit of the U.S. Treasury, which is part and parcel the taxpayers of the United States of America, \$40 billion at risk for the taxpayers of America. For what? So we can continue to encourage United States corporations to move manufacturing jobs to Mexico, so we can run a trade deficit with Mexico.

If we assume that Mexico can meet these obligations, we have to assume there will be a massive turnaround in their current accounts deficit. They had a \$28 billion current account deficit this year. They say next year they will cut it in half. There is only one place they can get that. They are assuming by saying that they will be running a trade surplus with the United States of America of tens of billions of dollars in coming years, and we all know when you run a trade surplus with someone, you are profiting and your people are working. When you are running a deficit, you are exporting jobs.

We are about to enter into the same category, in fact we did in October, with Mexico as we have with every other one of our trading partners. That is, we are going into deficit, and we cannot keep on piling deficit upon deficit in our balance of international trade any more than we can the Federal Treasury.

It looks like with the balanced-budget amendment we are finally waking up to fiscal reality here in Washington, DC, with the domestic economy. But what about the foreign economy? How can we run a trade deficit and expect to have jobs and accumulate wealth and an increased standard of living? How can we run a trade deficit with Mexico and export our manufacturing jobs and expect to increase wages and better working conditions and have jobs for people here, and we are going to pay \$40 billion for this privilege? It is outrageous.

Ms. KAPTUR. If the gentleman will yield, I am reminded of a sad irony in all of this. When you think with the very companies, big companies, we are not talking about little fish now on Main Street, we are talking about big fish that can move their production anywhere in the world to take advantage of cheap labor, those very corporations as well as the big banks, the investment banks, the speculators who supported them got in trouble, and now the very ones who divested investment from the United States and went elsewhere and got their tail caught in the wringer are coming back to the U.S. taxpayers to bail them out. I think it is one of the saddest ironies, and I really feel I almost want to say, you know, if you are going to be a man, be a man, stand up for your investment, at least eat the loss and do not come back to the very people you turned your back on in the first place.

Mr. DEFAZIO. If the gentlewoman will yield, I was in the elevator, kind of in the back, there was a big crowd a little while ago. A number of conservative Members, Republicans, got on the front, and they were talking with some concern saying, you know, what this is about is, you know, we are putting the U.S. taxpayers on the line and really we are going to stick it to the peasants in Mexico because their standard of living is going to go down under their amendment. It is all to bail out the big banks. But the good thing is it is being identified as a Democrat program because it is the President and the Secretary of the Treasury who are so visible on this.

I piped up from the back and said, "You can't pass it with Democratic votes in the House." So it is not something for our Republican colleagues to be listening and saying they are going to be able to pass blame to the White House and to the Secretary of the Treasury because they are out to lunch on this issue. It can only pass in the House and the Senate if the Republicans support it, because they are in

the majority and they run this institution.

□ 1800

So if there is a bailout of Mexico, it is the Republican congressional bailout of Mexico, hand in complicit with the Secretary of the Treasury and the President of the United States who happen to be Democrats on some days.

Mr. KLINK. If this passes, there is enough blame to go along for both parties. I agree with the gentleman.

We are being told there are three things ultimately that led Mexico to be in this position. No. 1 is the fact they have had the civil unrest in Chiapas. We have no guarantee that situation is going to change, in fact, the Mexican Government will not continue the military operation against the rebels in Chiapas and the rebels will not continue their action against the Government.

Also, the assassination of then Presidential candidate Colosio; we have no information, again, the political situation in Mexico has been remedied. Indeed, the same party is in power now as has been in power for some 80 years.

The whole question then is that we are also being told, well, there is an uncertainty having to do with NAFTA. At the risk of saying, "We told you so," we told you so. And the fact of the matter is if you just took a look at the first 6 months under NAFTA, imports from Mexico to our country increased by an unprecedented 21 percent. In the same time period, we had a 32-percent decrease in the same period of time in our overall trade surplus with Mexico.

Now, all of a sudden the peso is devalued. What does that do? American goods in Mexico become more expensive. The Mexicans cannot afford them. Their salary, because they are being paid in pesos, is now 40 percent less than it was. Their goods and services become cheaper to sell here. We are already paying the price.

Yet we have no guarantee the situations which led Mexico to this financial crisis are going to be remedied. We have absolutely no guarantee at all.

Ms. KAPTUR. I am glad the gentleman brought up that point. We just came out of a meeting with the Secretary of the Treasury of our Nation along with the chairman of the Federal Reserve.

One of the questions I asked them, as a democrat with a small "d," I really do believe in democracy, I really believe in every single person being able to develop to their full human potential whether they live in the United States, whether they live in Mexico, whether they live in China, whether they live in Cuba, wherever they live, I believe in people first. That used to be somebody else's motto. I have not heard it talked about a lot.

We ask the question, "Look, if the United States is going to be giving this big bailout of guarantees to Mexico, what conditions are being put on this money to expand democracy in Mexico?" I asked the question really in

this way: I said, "Which political parties down there are sitting around a table talking about the stabilization plan?" And basically we were told the ruling party may be talking to some of the other parties, "But, of course, we haven't been in any of those meetings," so it is business as usual.

That nation will not only suffer those huge wage decreases because of the peso devaluation, but whose productivity has been increasing because they work under very, very difficult conditions, they have been working very hard, and their wages have consistently been cut and cut and cut in 1993 and 1994, and now this cuts it by another 40 percent. Who is the voice for those people?

I believe in democracy so much; I believe the President of our country and the leadership of this Chamber should be a voice for democracy not just in the United States but in all of these other nations that want to talk about trade, because after all, America and this continent should be more than just deals, deal after deal by private companies. It should be about using whatever power we have to build democracy and to treat people fairly, to treat them right, to treat them with respect.

So I am glad that the gentleman brought up that particular point.

Mr. DEFAZIO. On that point, if the gentlewoman, I know she remembers, during our discussions leading up to NAFTA, we were told one reason so many U.S. corporations were avid for the NAFTA agreement was because there were no labor limitations on it. In fact, they were assured by the ruling party they would not allow free labor unions. They would not allow collective bargaining for wages. In fact, they guaranteed that they would cap wages or depress wages, as they have done over the last decade. Now, this is the biggest drop in wages they have managed so far, a 40-percent drop in wages.

Yet somehow, as I recall, I believe his last name is Salin, the largest billionaire in Mexico, somehow he knew the day before the devaluation to change his pesos to dollars. A few of the other billionaires in Mexico somehow, they had really good advice. Of course, they were not getting it under the table from the authorization party which they financed with \$500 million in contributions last year. No, of course not. This was the free market at work.

Ms. KAPTUR. What is really very interesting that our people should know about, when we say the smart money left Mexico before the peso devaluation, we are talking basically about the 30 or so ruling families and their friends. So they take the money out of Mexico which helps to contribute to the problem of that banking system in that nation, and if you look back in 1991, there were two billionaires, and that is with a "b" in Mexico. Today there are 24 billionaires in Mexico as best as we can calculate after NAFTA locked in, which means some people

have been getting very, very, very rich, and the majority have actually had a downward pressure on their wages and their life style has been made much more difficult.

And I think what is interesting, if you look, and the gentleman may want to go into this, if you look at what Mexico has been importing from the United States over the last year, what really surprised me, when you went over those figures, the other day that the third highest import from us was art.

Now, I am a member of the Toledo Museum of Art. I think I can draw pretty well myself. I love artists. I love music. I am not speaking against artists here. It surprised me in a nation where the average family earns under \$1,500 a year that art would be the No. 1, in the top three.

Mr. DEFAZIO. The big winner was tobacco. Our tobacco exports went up dramatically. They had the largest percentage increase. Art, collectibles, antiques, and precious jewelry and so forth were No. 3. Now, that may put a few people, you know, who have got expensive boutiques and stores in Manhattan and a few places to work and make them happy, but I do not think it is putting very many Americans to work. I do not think it is helping very many average artists or craftsmen.

Could I just get parochial for a moment? Last year the Pacific Northwest's entire delegation, Republicans and Democrats alike, had a lengthy series of discussions with this administration about refinancing the debt of our regional power authority, the Bonneville Power Administration, because we have had and seen political calls by the Reagan administration, the Bush administration, and now this year the Clinton administration to do a punitive refinancing of our debt.

So we said, "OK, fine, we will go to the private sector and finance, refinance, this debt," and we got the entire delegation, Democrats and Republicans, to agree.

The Office of Management and Budget would not let us do it. They said they could not count it as a plus under the budget rules, so we could not do this.

But somehow Mexico wants \$40 billion of loan guarantees, and that is OK; we are not worried about the budget rules here anymore, because this is national security, folks. Those little people up in the Northwest, well, gee, sorry, we could not help you out with your refinancing of EPA, but Mexico, \$40 billion, no problem.

Ms. KAPTUR. Reclaiming my time, I come from one of the highest-cost energy areas in the United States of America, and the reason is because in our region we never had federally subsidized power, and we built nuclear power plants. They were built with private money, private-sector investments. They are investor-owned utilities. We have been trying to figure out

a way to help reduce energy costs to our people, and it has been a heck of a problem for us to get our hands around, and we always get the door shut in our face. Well, maybe not shut in our face; people treat us very nicely when we talk to the Department of Energy and even the Vice President's office, but when it comes down to really getting help so we can maintain our manufacturing base and reduce these energy costs as a percent of doing business, we get absolutely no Federal help.

And I am so glad you brought up that point, because I would say that is the chief reason that we are losing jobs from our part of the country, because of power costs, and yet our own Government would not respond to us.

But within 1 week in this Capitol when Mexico needed help, the Chair of the Federal Reserve, who never comes out of the building, has been all over the Congress, has been up at the White House, up at the Treasury, the Secretary of the Treasury running all around here. It has been very interesting to see what it takes to get the attention of the top officials of this Government.

Kind of sad.

Mr. KLINK. If the gentlewoman will yield, it reminds me, and we can go back further; I remember back in the early 1980's, and I mentioned it on this floor many times, of the 150,000-plus manufacturing jobs that were lost in southwestern Pennsylvania in the steel industry and many other industries. But as factories were closing and there were other countries that wanted to come in because of the work force, because of the infrastructure, because of the transportation system, they wanted to keep some of those factories open.

Now, granted, you may have a steel mill that was employing 2,500 people. We may be able only to save 1,000 jobs.

□ 1810

So we are going to have a net loss of 1,500 versus a net loss of 2,500 if that plant shuts down. At that time we were told, "Well, it really doesn't behoove the company that owns it to sell it because they are better off under our tax laws to just close that plant, scrap it, and take the writeoff."

Now, we could not react to that. We could not change something to save thousands of jobs, and I know in Midland, PA, that actually did happen. There Colt wanted to come in and buy up a steel mill that was being shut down. Nothing could happen. Yet Federal dollars came in a year later for job training, and the community fell apart—in fact, today those students in Midland, PA, have to go to school in Ohio because their school district shut down because of the dwindling tax base. We could not do anything for our people. Again there is not a problem here with going down to Mexico and getting \$40 billion that we found, off-budget. We could do it. This is a question the people of my district and, I hope, across this entire country have

about this \$40 billion bailout. How can you change the rules? Why all of a sudden are we protecting those who rushed down there to make investment?

I think that is what is really going on. Those of us who oppose NAFTA—and I do not want to speak for all of us—it was not because we were against the idea of a North American Free-Trade Agreement. We were not the isolationists that everybody wants to portray us as. This is just a bad agreement. I think history, in a relatively short period of time, has shown us that it was a bad agreement. But the fact of the matter is that we were told, at that time, we cannot have protections for the workers in Mexico, we cannot have environmental protections, we cannot push for political reforms. It is the wrong thing to do. We could have these side agreements that really do not hold water, that really do not amount to anything, that really were not actually voted on on this floor, in this Chamber. Now we are being told that even though they are coming to us with this \$40 billion, "Well, we can't attach too many protections. We can't really go off-line with this. We want to keep this strictly financial because there are so many different opinions politically throughout the House and the Senate and across this country."

Why not? If Mexico is in such dire need, if they really need this line of credit, if it is to their national interest as well as our national interest, why not, when you are in a position to bargain, bargain?

We are being told that we cannot muddy the agreement, this has to be a clean deal, it has to be \$40 billion, there is no risk. It is not on budget, but the Government has to do it because the private investors will not do it. Why will they not do it? Because it is not such a good deal.

Ms. KAPTUR. Reclaiming my time for just a second, I want say to both gentlemen I think the point that the gentleman from Oregon [Mr. DEFAZIO] raised is an important one, as well. Remember now the Congress is in control of the Republican Party, and if this deal passes, it is on their doorstep.

I often ask myself why is it so difficult for our message to get out? We are using this time on C-SPAN because we know we can reach some of the American people. When we try to get on the evening news or try to get on those Sunday morning talk shows, they do not invite us on. Even when you call in and you want to speak on this, you are not invited.

Why do we not have a right to have our opinion heard in this country? Only those who have one position are being heard.

So I challenge the American public, try this sometime when you are watching the evening news or you are watching those talk shows on Sunday morning, when you are trying to learn about your country and the decisions facing your elected officials, see who the advertisers are.

Do you know that to buy one of those national ads—I know in my district, to buy 30 seconds costs \$3,000. When you buy one of those national ads, it must be megabucks.

I was listening over the weekend to the people who say we should do this, people in our Government who were on the news saying this is something America should do. All I did was I sat there during the commercial breaks, and I said, "OK, which big corporations, multinationals, are sponsoring this show?" Then I know what opinion would be heard. I never used to be that cynical, but I have become that cynical about what information leaks out of Washington, simply because it has proven to be true. You get only one side of the story which gets told.

I yield to the gentleman.

Mr. KLINK. If the gentlewoman would yield for just one moment, I have spent 24 years in broadcasting. I was the newscaster on the other side of the camera, and I saw something which was very disturbing in my later years in broadcasting, when, all of a sudden—and I began broadcasting back in the 1960's—then there was always a line of demarcation between the sales office at the radio or television station and the newsroom. That line evaporated completely sometime during the early 1980's.

All of a sudden there was communication as to the ramifications of, "Well, we are all in this together; if the moneys don't roll in, you understand, Ron, we will not be able to pay your contract for the next couple of"—those kinds of things were being said gently. Believe me, I think it has an impact.

I would imagine that in some instances it is not quite that subtle. But the fact of the matter is our story has not gotten out. We have not had access, not only to the broadcast media but to the major newspapers as well. We had a press conference last week, and the gentlewoman was there, one of the key people, along with the gentleman from Oregon [Mr. DEFAZIO]. I challenged the people, "Now, your tax dollars are going to begin to pay this." At that time it was only \$18 billion. Now it has more than doubled. Yet their tax dollars are going for it, and yet they still are not getting out, even in counterbalancing the story.

Now, you still want both sides. If we are wrong, at least report our side of the story and say that we were wrong. But we get absolutely no coverage at all.

I think the gentlewoman put her finger on it because I believe the advertising executives and reporters are talking a little—if not the reporters themselves, their editors are talking and having lunch with those advertising executives.

Mr. DEFAZIO. I think it is extraordinary; we did have a lot of press in the room when we made the announcement. Certainly, I guess, they did not

have much else to do because they killed about 40 minutes filming us and photographing us. But it did not run in any of the national media when we were talking about the problems with the bailout, the problems with the NAFTA Agreement that came to pass. But what did run, the lead—and I happened to watch some of the networks—was President Clinton handing the Prime Minister of Japan a basket of apples to say everything is now going to be OK in trade because the Japanese finally are buying United States apples.

I am happy for my fiends in Washington State that their apples are going to Japan. That is great. But at 50 cents an apple, with a \$60 billion trade deficit with Japan, all we have to do is sell the Japanese 120 billion apples this year and we will be in trade balance. That is a great deal. Now, that is going to be a lot of apple-eating for the Japanese.

Mr. KLINK. If the gentleman will yield, only if those apples are computers can we make up the difference.

Ms. KAPTUR. I would just say—and this will probably get me in trouble—but one of the big advertisers on this past Sunday morning, I ask the American people to check me out if this is not true, there is a company in Illinois called Archer-Daniels-Midland Co.

The SPEAKER pro tempore (Mr. WELDON of Pennsylvania). Will the gentlewoman suspend? The Chair will remind all Members' remarks should be addressed to the Chair. It is not in order to direct remarks during the proceedings to persons viewing the proceedings in the galleries or on television or even other Members who are not being present in the Chamber who might be viewing the proceedings on television.

The gentlewoman may proceed.

Ms. KAPTUR. I thank the gentleman. This particular show was one of the major news shows, and I sat there and I listened, and I thought, "No wonder we cannot get our story on out on why NAFTA had flaws, and who is going to actually end up holding the bag on this peso bailout of Mexico."

Archer-Daniels-Midland was one of the biggest promoters of NAFTA, without the side agreements that we wanted in there. They are a sponsor of the show. Why would a sponsor want anyone to say anything that did not agree with their own private interests? This is all a matter of news record.

□ 1820

Right after NAFTA was passed, the Prime Minister of Canada, who was one of the biggest proponents of NAFTA, Mr. Mulroney, was appointed to the board of ADM. This is amazing. It would be like the President of our country being appointed to a major corporate board that was supporting this kind of an agreement, and to get a seat on that board you are paid between \$37,000 and \$100,000 a year. I was really—I thought, in terms of the ethics that I agree with, there should be a

cooling-off period. The chair was still warm. The ink on the agreement was not even dry, and I just used that as an example because that happens to be a very powerful corporation in our country with very definite interests, including that you hear the news in a certain way. I really—I never realized how significant it was, but it absolutely does color public opinion.

Last week we sent a—I wanted to mention to the gentleman also in talking about the power interests in the Northwest, "When I watched our Government get all worked up over the past couple of weeks and, with lightning speed, come up with this loan guarantee to Mexico, I thought about all of the problems in my district." The gentleman said he wanted to become parochial.

I cannot get a loan guarantee to clean up the Ottawa River in Toledo, OH. It is a multi-billion-dollar cleanup problem that we have with all the toxic sites along that river, and we are told by our Government, "Sorry, Congresswoman, we can't take care of your district because frankly we don't have the money." They will not give me a loan guarantee so that our mayor, and our local officials and our county officials can clean up that toxic river that flows into Lake Erie.

We are trying to get a radio control tower built out at our airport. We have had some pretty close calls, and we are told we are not high enough up on the priority list, so our pilots and our passengers, our private pilots and so forth, have to keep coming into that airport. I cannot get them a loan guarantee to guarantee the construction of that tower.

We have a railroad station we have been trying to fix up with dribs and drabs of Federal money plus a lot of local support from our port authority back home. We want to build a parking garage, a secure parking garage, next to this railroad station so that people can park their cars there if they go on a 3-day weekend to Chicago, or Toronto, or wherever they go, and feel secure. I cannot get a loan guarantee from Washington to help my people back home.

So, part of the reason I ran for office is I want to help people. I want to help my people, the people who sent me here, and decisions like this do not go down very well when you cannot do as much for your people back home as certain very powerful interests can do in this city for people who do not even live here, for interests in Mexico, for people who have absolutely no interests in my district, and if I were to give Mexico one gift, first it would be the gift of democracy, to use the relationship with this country, be it political, be it business, be it cultural, to help the people there finally gain a voice, because I believe you can only have free trade when you have freedom first, and that politics does matter, and that it has to be a precondition for any kind of economic assistance or trade. We

could never get that in the NAFTA accord as it was originally signed.

So, as we stand here tonight, a lot of the people call my office and say, "Why are you standing down there on the floor talking when legislative business is largely complete for the day?"

I guess the answer is "Because it's the only way we can really reach the public."

Mr. KLINK. If the gentlewoman would yield, again I thank her for her leadership on this matter. I say, "You have helped us—again I speak as a relatively new Member—you have helped to guide me through this process," and, "It's also very nice," I say this also to the gentleman from Oregon, "to know that you're not the only one who thinks this way."

We have lost the initial battle on NAFTA; we have lost the battle on GATT in a lame-duck session of Congress. The gentlewoman pointed out those Americans out there that have invested in United States savings bonds have no idea what the GATT agreement meant to them, and so I would simply say that we have got to persist, we have got to make sure that those parochial projects, like all you have talked about that affect the lives of taxpaying American citizens, that impact the creation of jobs in the United States of America, the wealth, the security, the lifestyle of American citizens, is in fact the day-to-day business of this House, and we also need to understand, and I do not want to repeat something I said earlier, but once we go down this pathway, the pathway that has been laid out for us to guarantee these loans to Mexico, when could we ever say no again? It is historical, it is setting a precedent, and I hope that the taxpayers will react, and I hope, as Members of Congress, we react.

Mr. Speaker, I just hope that this House will not lend its OK to this inane idea.

Ms. KAPTUR. I wanted to just reclaim my time for a second.

I found it almost laughable today as I sat there and I listened to the Federal Reserve talk about taking our taxpayers' dollars to prop up Mexico in this little mechanism that they have set up when the very same Federal Reserve testified up here in Congress last week and said to every senior citizen across this country, "One way we can save money here in America and balance the budget is give you \$10 less in your Social Security this next year."

Now I find it amazing that the same words could come out of the same institution's mouth in the same week; in other words say to our people, and believe me I have a lot of seniors in my district. They like to be close to their family. They did not move away. They depend on that Social Security check. Sure, there may be some at the top that earn a lot of money, but the average Social Security recipient in my district receives \$400 to \$600 a month. It is not a whole lot of money.

So, we have a lot of need among our seniors, and yet the Federal Reserve can so—it just shows me how far away they are from the public that they could actually come up here and say to our seniors, "We want to take \$150 billion from you, but then out of this pocket we're going to put up \$40 billion of your dollars for Mexico." It was appalling to me.

Mr. KLINK. If the gentlewoman would yield, it was my understanding today from the people from the Fed and Treasury that this has been going on for at least a year in Mexico, the bad monetary policy. Is that the gentlewoman's understanding?

Ms. KAPTUR. That is correct.

Mr. KLINK. Yet in 1 year Mexico did not make any attempt to go through a devaluation of the peso. I think the gentlewoman in past discussions has made some wonderful points about the timing of this devaluation.

Ms. KAPTUR. Well, you know it is very interesting, and I think those in the know in Mexico were very aware of what was going to happen, and that is why they took their money out of the country, because the elections in August—the elections in Mexico were in August. So they did not want any problems in the market before August, so they propped up the peso through August. Then we were considering GATT, the General Agreement on Tariffs and Trade, here, and they did not want any trouble in America. So we delayed that vote until we got back after elections in December, so they kept delaying it, and delaying it, and delaying it.

Then Mr. Salinas left office. The new President was sworn in. GATT was finished, and that is when they devalued the peso. But by then their friends knew, the 30 ruling families down there; they had already taken their money out of the country. They bought art to insulate themselves against any currency fluctuations, and Members of this House, and I will put on the record the gentleman from Buffalo, NY [Mr. LAFALCE] because he worked so hard to get currency provisions in the original NAFTA. Nobody tried harder than he did. He educated all of us. He tried to help to make that agreement a stronger agreement to avoid this kind of catastrophe and was unable to finally get provisions in the final agreement. In my estimation he has some aspects of heroism in what he tried to do there, but there were plenty of people that cashed in, and now our people are left holding the bag.

Mr. DEFAZIO. And they are saying we could not have possibly anticipated this.

Well, it is strange. It is strange that we stood on this floor 14 months ago, backed by credible economists who said, "Today, as you vote on the NAFTA agreement the Mexican peso is overvalued by 20 to 25 percent to make them look more attractive as a partner for the United States, to make them look as though their currency is stable. But it's inevitable after the passage of

NAFTA they will have to devalue the peso by 20 to 25 percent."

And now we are told by the Secretary of the Treasury, a former partner in one of the major investment firms in this country, that no one could have anticipated this. Well, the economists we talked to, who gave us a very critical analysis of NAFTA, could certainly anticipate it, did, and we are right on the money. In fact, they were a little bit overly optimistic about Mexico because we are talking the free market says the Mexican peso should actually go down 40 to 50 percent, and whatever happened to free-market forces? Where is the free market when we need it? If the market says the Mexican peso should be worth half as much, should the United States Government intervene to artificially prop it up?

Ms. KAPTUR. Will the gentleman yield on that point because last week I sent the Secretary of the Treasury a letter signed by several of our colleagues, including yourselves, and one of the questions we asked him is: "Because you are artificially propping up the peso because Mexico owes money, to whom does Mexico owe money specifically?" In other words, it can't make \$26 billion worth of debt payments, \$10 billion in this first quarter. Those sound like big numbers. We want to know which banks, which corporations, if it is part of the Eurodollar market, to whom is this money owed? If it is investment banks, speculators in the market, which ones are they? This is not just owed in general. This is owed in specific, and there are huge banking profits this year and last year. They have been doing real, real well. Why do they not have the capacity to eat their own losses? What about these big investment banking houses? The speculators? And I appreciate risk-takers. But that is what risk is. Risk is taking the loss if it does not go your way, and you take the gain if it does go your way.

□ 1830

So which investment houses? I want to know specifically, before we vote here on this floor, who is this \$26 billion owed to? And there is another \$89 billion that Mexico owes payments on for their full public debt. To whom is that owed? You are talking about \$40 billion, Congressman KLINK. There is the first \$18 billion from the currency swap and the line of credit last week. Then there is this \$40 billion. Then there is the \$89 billion that they still owe. Now, to whom is that owed? And why should our taxpayers be propping up those corporations, those megabanks, those multinationals that moved jobs out of this country. I mean, what is the sense of it? If they are making profits and if they have cash, why don't they pay it off themselves? That is what you do, you write off losses.

Mr. KLINK. If the gentlewoman would yield, we are being told this not propping up the peso but that we are

restructuring short-term loans, 30, 60, 90 days, to 5 and 10 years. Why can't that be negotiated with those same people or institutions the gentlewoman is talking about? Why do the American taxpayers have to become a party to this? If we are just taking short-term debt and transferring it over to 5 to 10 years to make it long-term debt, why can't Mexico just renegotiate that with the people to whom it is owed, because certainly renegotiating on longer terms is better than absorbing the loss.

Ms. KAPTUR. I think the gentleman raises a good point. I cannot tell you, with interest rates going up in this country, I have had builders and title people in this country complaining, gosh, there aren't any real inflationary pressures. Why are interest rates going up? I would posit maybe one of the reasons interest rates are going up is because your money is being taken to prop up the bank of another nation.

We thank the Speaker for this time this evening, and I thank Congressman DEFAZIO and Congressman KLINK, Congressman ABERCROMBIE and all those who have joined us this evening.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. EVANS (at the request of Mr. GEPHARDT), for today, on account of a death in the family.

Ms. SLAUGHTER (at the request of Mr. GEPHARDT), for today, on account of illness in the family.

Mr. MCNULTY (at the request of Mr. GEPHARDT), for today, on account of airline cancellation.

Mrs. LINCOLN (at the request of Mr. GEPHARDT), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WATT of North Carolina) to revise and extend their remarks and include extraneous material:)

Mr. OWENS, for 5 minutes, today.

Mr. SKAGGS, for 5 minutes, today.

(The following Members (at the request of Mr. THOMAS) to revise and extend their remarks and include extraneous material:)

Mr. MARTINI, for 5 minutes today, and January 18, 19, and 20.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

(The following Member (at her own request) to revise and extend her remarks and include extraneous material:)

Ms. DELAURO, for 5 minutes, today.

(The following Members (at the request of Mr. WATT of North Carolina) to revise and extend their remarks and include extraneous material:)

Mr. MINETA, for 5 minutes, today.